Xiamen King Long United Automotive Industry Co Ltd (a corporation incorporated under the laws of the People's Republic of China) v KLM Motor Sdn Bhd

HIGH COURT (KUALA LUMPUR) — ORIGINATING SUMMONS NO 24IP-1–09 OF 2012
HANIPAH FARIKULLAH JC
31 JANUARY 2013

Trade Marks — Registered mark — Application to expunge from register — Whether applicant had longer user of mark in Malaysia — Whether mark registered by respondent unlawfully appropriated and registered in bad faith — Whether respondent's mark so identical to applicant's as to deceive and confuse public about origin of products bearing identical marks — Whether high likelihood applicant's trade, reputation and goodwill would suffer loss and damage

In the instant application made pursuant to s 45 of the Trade Marks Act 1976 ('the TMA'), the applicant sought to remove from the Register of Trade Marks a mark which was registered in the respondent's name which so closely resembled the applicant's registered mark that it tended to confuse or deceive the public. Both the applicant's and the respondent's marks were registered under Class 12; the only difference between the two marks being the applicant's bore the words 'KING LONG' whilst the respondent's did not bear any wording. The respondent, incorporated in Malaysia in November 2005, refuted the applicant's claim. The China based applicant, which manufactured, distributed and sold buses and coaches to the international market, first registered its trademark 'KING LONG' — which formed part of its corporate name — in China in 1998. Two years later, its trademark oval device (without the words 'KING LONG') was registered in China. The applicant subsequently registered the trademark where the words 'KING LONG' appeared immediately below the oval device, not only in China but in numerous countries. In July 2005, the applicant appointed a Malaysian company to be its agent and distributor in Malaysia for its range of city buses. There were also distributorship agreements with other Malaysia companies. The applicant filed a trademark application in Malaysia for the combined 'KING LONG' and device mark in June 2006 for Class 12 goods.

Held, allowing the application with costs of RM30,000:

(1) The evidence clearly showed that the applicant was the first user of the mark in Malaysia. It consented to select Malaysian partners using the 'KING LONG & Device' mark on buses and coaches in Malaysia. Through its Malaysian partners, the applicant made substantial,

exclusive and continuous use of the 'KING LONG & Device' mark in Malaysia for six years such that the mark became well-known among members of the purchasing public and trade and was distinctive of the applicant. The applicant was thus the lawful proprietor of the mark and the trademark registered by the respondent was unlawfully appropriated and registered in bad faith (see paras 37, 39, 41–42).

(2) The respondent's mark was identical to the device component of the 'KING LONG & Device' mark belonging to the applicant. Hence, it would inevitably cause confusion in the minds of the public as the marks were used in the same class, trade channels and target markets. The public and the trade would be confused as to whether products bearing the identical marks originated from the same source. There was high likelihood that existing and potential customers might be diverted from the applicant to the respondent resulting in loss and damage to the applicant (see paras 45–46).

(3) The court accepted the applicant's contention that the respondent had attempted to deceive and mislead the public into the false supposition and belief as to the origin of the respondent's products. Such unlawful acts were calculated to misappropriate the commercial advantage enjoyed by the applicant in Malaysia and to ride on the goodwill and reputation the applicant had established worldwide and in Malaysia. The applicant's reputation and goodwill was open to damage each time the respondent's products failed to meet the high quality and standards associated with the applicant and its trademark. The purchasing public would wrongly attribute lack of quality or standards to the applicant (see para 47).

[Bahasa Malaysia summary

Dalam permohonan ini yang telah dibuat menurut s 45 Akta Cap Dagangan 1976 ('ACD'), pemohon memohon untuk dikeluarkan daripada Daftar Cap Dagangan satu tanda yang telah didaftarkan atas nama responden yang begitu hampir menyerupai tanda berdaftar pemohon bahawa ia cenderung untuk mengelirukan atau menipu orang ramai. Tanda-tanda pemohon dan responden telah didaftarkan di bawah Kelas 12; satu-satunya perbezaan antara dua tanda tersebut adalah di mana tanda pemohon mempunyai perkataan-perkataan 'KING LONG' manakala tanda responden tidak mempunyai apa-apa perkataan. Responden, yang telah ditubuhkan di Malaysia pada bulan November 2005, telah menyangkal tuntutan pemohon. Pemohon dari China, yang mengeluar, mengedar dan menjual bas dan koc kepada pasaran antarabangsa, pertama kali mendaftarkan tanda dagangnya 'KING LONG' — yang membentuk sebahagian daripada nama korporatnya — di China pada tahun 1998. Dua tahun kemudian, tanda dagang peranti bujurnya (tanpa pekataan-perkataan 'KING LONG') telah didaftarkan di China. Pemohon kemudian telah mendaftarkan tanda dagang di mana perkataan-perkataan 'KING LONG' kelihatan jelas di bawah peranti bujur

itu, bukan sahaja di China tetapi di negara-negara lain. Pada bulan Julai 2005, pemohon telah melantik sebuah syarikat Malaysia untuk menjadi ejen dan pengedarnya di Malaysia untuk rangkaian bas kotanya. Terdapat juga perjanjian-perjanjian pengedaran dengan syarikat-syarikat Malaysia lain. Pemohon telah memfailkan satu permohonan tanda dagang di Malaysia untuk gabungan 'KING LONG' dan tanda peranti pada bulan Jun 2006 untuk barangan Kelas 12.

Diputuskan, membenarkan permohonan dengan kos sebanyak RM30,000:

(1) Keterangan jelas menunjukkan bahawa pemohon adalah pengguna pertama untuk tanda tersebut di Malaysia. Ia bersetuju untuk memilih rakan-rakan kongsi Malaysia menggunakan tanda 'KING LONG & DEVICE' pada bas-bas dan koc-koc di Malaysia. Melalui rakan-rakan kongsinya di Malaysia, pemohon telah menggunakan tanda 'KING LONG & DEVICE' secara substansial, eksklusif dan berterusan di Malaysia selama enam tahun sehingga tanda tersebut dikenali ramai di kalangan pihak awam dan ahli perniagaan dan adalah milik pemohon tersendiri. Pemohon dengan itu adalah tuan punya sah tanda tersebut dan tanda dagang yang telah didaftarkan oleh responden tidak menyalahi undang-undang yang diperuntukkan dan didaftarkan dengan niat jahat (lihat perengan 37, 39, 41–42).

(2) Tanda dagang respondan adalah sama dengan komponen peranti untuk tanda KING LONG & DEVICE' yang dimiliki oleh pemohon. Justeru, ia pasti akan menyebabkan kekeliruan dalam minda pihak awam sebagai tanda-tanda yang telah digunakan dalam kelas, saluran dan sasaran pasaran yang sama. Pihak awam dan dagangan akan keliru tentang sama ada produk-produk yang mempuyai tanda sama yang wujud daripada sumber yang sama. Terdapat kebarangkalian tinggi bahawa pelanggan-pelanggan yang sedia ada dan yang bakal ada mungkin beralih perhatian daripada pemohon kepada responden yang mengakibatkan kerugian dan kerosakan kepada pemohon (lihat perenggan 45–46).

(3) Mahkamah menerima hujah pemohon bahawa responden telah cuba untuk menipu dan mengelirukan pihak awam dengan andaian palsu dan kepercayaan berhubung asal sumber produk-produk responden. Perbuatan yang menyalahi undang-undang sebegini dianggap menyalahguna kelebihan komersial yan dinikmati oleh pemohon di Malaysia dan untuk menggunakan nama baik dan reputasi pemohon yang telah dikenali di seluruh dunia dan di Malaysia. Reputasi dan nama baik pemohon terjejas setiap kali produk-produk responden gagal memenuhi kualiti dan piawai tinggi yang dikaitkan dengan pemohon dan tanda dagangnya. Pihak awam yang membeli akan bertanggapan salah dan mengaitkan kualiti atau piawai yang rendah itu dengan pemohon (lihat perenggan 47).]

Notes

For a case on registered mark, see 12 *Mallal's Digest* (4th Ed, 2011 Reissue) para 2226.

Cases referred to

Abd Hamid bin Jaafar (trading as sole proprietor as Bintang Enterprise) v Shamsiah dan Keluarga Sdn Bhd [2004] 5 MLJ 349, HC (refd)

Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors, The v Syarikat Faiza Sdn Bhd [2011] 2 MLJ 768; [2011] 9 CLJ 394, HC (refd)

Arnold D Palmer In The Matter of Trade Mark Registration No 3249, Re [1987] 2 MLJ 681, HC (refd)

McLaren International Ltd v Lim Yat Meen [2009] 5 MLJ 741; [2009] 4 CLJ 749, FC (refd)

Megat Najmuddin bin Dato Seri (Dr) Megat Khas v Bank Bumiputra (M) Bhd [2002] 1 MLJ 385, FC (refd)

Service Master (M) Sdn Bhd v MHL Service Master Sdn Bhd & Anor and another application [1998] 5 MLJ 378, HC (refd)

Tan Chwee Geok & Anor v Khaw Yen-yen & Anor [1975] 2 MLJ 188; [1975] 1 LNS 178, FC (refd)

Legislation referred to

Rules of Court 2012 O 1A, O 2 r 3, O 7 r 2, O 28 r 1, O 87, O 92 r 4
Trade Marks Act 1976 ss 45, 45(1)(a), 70(1)

Hanipah Farikullah JC:

[1] The applicant seeks to remove from the register of trademarks, pursuant to s 45 of the Trade Marks Act 1976, the Trade Mark Registration No 06003489, in Class 12 ('the trademark'), which is registered under the respondent's name.

[2] The applicant's trademark is as follows:

KING LONG

[3] The respondent's registered trademark is depicted below:

A

B

[4] The respondent refuted the applicant's claim and contended that they are the lawful proprietor of the registered trade mark.

THE BACKGROUND FACTS

C

[5] It is necessary to turn to the evidence on the development and background of the applicant's trade mark.

D

[6] The applicant, Xiamen King Long United Automotive Industry Co Ltd was incorporated in China in 1988 and carries on the business as a manufacturer, distributor and seller of buses and coaches, carrying the applicant's ' ' trade mark.

E

[7] The respondent, KLM Motor Sdn Bhd is a company incorporated in Malaysia on 16 November 2005.

[8] The applicant is the creator of the trademark 'King Long & Device'. The trademark is re presentative of the applicant's corporate goals. The device

F

within the oval is inspired by the Chinese character for 'human being', which represents the applicant's corporate goal of being people-oriented. The oval alludes to the shape of the earth, representing global resources and a desire to expand internationally.

G

[9] The applicant first applied for trademark registration of the device

[10] All these trademark registrations were filed long before the respondent's company was even incorporated.

H

[11] The applicant first registered 'KING LONG' which forms part of its corporate name in China on 25 May 1998. The said trademark was registered on 21 August 1998 bearing Registration No 1307132. The said identical trademark was also registered abroad in Lebanon on 30 July 1998.

I

[12] The applicant filed a trademark application for the trademark combination of 'King Long and device' on 15 February 2006 in Bangladesh. The applicant registered the trademark combination of 'King Long and device' on 7 March 2011 in China.

[13] The applicant is now one of the largest and best-known bus and coach manufacturers in China, with several Complete Product Lines and one Product Research & Development Center. The applicant now produces more than 200 models with an annual production capacity of 50,000 buses, and has the capacity to innovate technologies. This in turn leads to rapid development and the ability to secure world-wide marketing position. In 2009, the applicant exported 5,020 coaches bringing in total revenue of USD141,004,300 worldwide including Malaysia. In 2010, the applicant exported 6,600 coaches (bringing in total revenue of USD161,681,000). In 2011, the applicant exported 7,677 coaches (bringing in total revenue of USD253,582,000). The applicant sold more than 200 buses in Malaysia in 2010–2011 respectively.Currently, products with the applicant's brand and logo are sold in over 80 countries and regions around the world including Malaysia.

[14] As a result of its long and substantial use, the applicant's trademark, as registered in China, received recognition as a well-known trademark from AQSIQ (State Administration for Quality Supervision and Inspection and Quarantine of the People's Republic of China in September, 2004 and from the Trademark Office of the State Administration for Industry & Commerce of the People's Republic of China on 12 October 2006.

[15] On 8 July 2005, the applicant appointed Euromawar Sdn Bhd, a company incorporated in Malaysia ('Euromawar'), to act as its agent and distributor in Malaysia for its range of city buses. Acting through Euromawar, the applicant participated in a bid tender for Syarikat Prasarana Negara Bhd, a wholly owned government company incorporated in Malaysia, subsequently winning the bid to provide the company with city buses on 13 April 2006.

[16] The applicant later concluded further distributorship agreements with Euromawar, R&A Manufacturing Industries Sdn Bhd ('R&A Manufacturing') and InterCoach Sdn Bhd ('InterCoach'), all incorporated in Malaysia. Whilst R&A Manufacturing imported buses from the applicant, it used its affiliated company China Auto (M) Sdn Bhd to sell these buses in Malaysia.

[17] The applicant filed a trademark application in Malaysia for the 'King Long & Device' mark on 22 June 2006 in Class 12 bearing the Application No 06010738 in respect of 'Motor buses; motor coaches; electric vehicles; automobiles; vehicle chassis; vehicle bumpers; propulsion mechanisms for land vehicles; automobile bodies; automobile wheels; luggage carriers for vehicles; vehicle seats; upholstery for vehicles; anti-theft devices for vehicles; locomotives; motorcycles; bicycles; funiculars; two-wheeled trolleys; tires for vehicle wheels; axles for vehicles, all included in Class 12'.

[18] The applicant's Malaysian trademark application was filed claiming

priority rights based on its trademark Application No 96900 filed in Bangladesh on 15 February 2006, pursuant to s 70(1) of the Trade Marks Act 1976.

THE ISSUES

[19] The issues for consideration are as follows:

(a) whether the applicant is an aggrieved person;

(b) whether the applicant is the rightful owner of the trademark; and

(c) whether the respondent's trademark under the Registration No 06003489 is identical to the applicant's trademark Application No 06010738.

THE DECISION

[20] I have first to decide on the preliminary objections by the respondent.

[21] Firstly, the respondent has in its written submissions raised a preliminary objection against the applicant's entitlement in this action that the same does not state the relevant provision of the Rules of Court 2012 in particular O 7 r 2; O 28 r 1; and O 92 r 4 of the Rules of Court 2012.

[22] Order 7 r 2 merely requires the applicant to state the relevant provisions of the Rules and any provision of any written law under which the court is being moved.

[23] It is clear that the applicant has in fact stated all the relevant sections of the Trade Marks Act 1976 ('TMA') in particular s 45 for this action in its entitlement.

[24] Further, I agree with the applicant's submission that O 28 r 1 and O 92 r 4 of the Rules of Court 2012 are on the originating summons procedure and miscellaneous which are not directly relevant or necessary to be included in the intitulement.

[25] In this present case, the actual relevant provision from the Rules of Court 2012 is O 87 and not O 7 r 2; O 28 r 1 and O 92 r 4 of the Rules of Court 2012 as claimed by the respondent.

[26] However, it is settled law that O 1A of the Rules of Court 2012 expressly

states that the court is to have regard to the justice of the case and not the technical non-compliance of any of the rules. Further, as expressly stated in O 2 r 3, the court shall not allow any preliminary objection only on grounds of non-compliance of any of the Rules.

[27] In relation to this issue, authorities have shown that any preliminary objections on procedural and technical grounds should not be allowed by the court (see *Abd Hamid bin Jaafar (trading as sole proprietor as Bintang Enterprise) v Shamsiah dan Keluarga Sdn Bhd* [2004] 5 MLJ 349; *Tan Chwee Geok & Anor v Khaw Yen-yen & Anor* [1975] 2 MLJ 188; [1975] 1 LNS 178; *Megat Najmuddin bin Dato Seri (Dr) Megat Khas v Bank Bumiputra (M) Bhd* [2002] 1 MLJ 385).

[28] Based on the above reasons, the preliminary objection is over ruled and the court will hear the merits of the application.

[29] Next, I have to decide whether the applicant is a person aggrieved and have locus standi under s 45(1)(a) of the TMA to file this application.

[30] The respondent has cited the case of *Service Master (M) Sdn Bhd v MHL Service Master Sdn Bhd & Anor and another application* [1998] 5 MLJ 378 in support of its contention that the applicant is not a person aggrieved.

[31] Section 45(1)(a) provides as follows:

> Rectification of the Register.
>
> (1) Subject to the provisions of this Act;
>
> (a) the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit;

[32] Referring to *Re Arnold D Palmer*'s case, the Federal Court in the case of *McLaren International Ltd v Lim Yat Meen* [2009] 5 MLJ 741; [2009] 4 CLJ 749 stated that:

> We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trade mark—or who has a genuine and present intention to use his mark as a trade mark—in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that the person wants to have removed from the register.

[33] Azahar Mohamed J in the case of *the Agricultural and Processed Food*

Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd [2011] 2 MLJ 768; [2011] 9 CLJ 394, when discussing the meaning of 'aggrieved person':

> We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trade mark-or who has a genuine and present intention to use his mark as a trade mark-in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that a person wants to have removed from the register.

[34] In this present case, it is noted that the applicants have produced extensive evidence as to sales and promotion in Malaysia of its trademark which clearly shows the nature of goods of both parties is identical. Hence, I am satisfied that the applicant is an aggrieved person since its business will be offended by the said registration.

THE TRADEMARK REGISTERED BY THE RESPONDENT IS UNLAWFULLY APPROPRIATED IN BAD FAITH

[35] The applicant contended that at the time of filing for the trademark, the respondent is not the bona fidei proprietor of the mark and hence wrongful entry has been made in the register as it has been made in bad faith.

[36] In order to determine who is the rightful owner of the trademark, the court will have to evaluate the evidence with regards to the first user of the King Long trademark in Malaysia.

[37] In relation to this issue, I am satisfied that the evidence clearly shows that the applicant is the first user of the mark in Malaysia.

[38] The applicant first registered 'KING LONG' which forms part of its corporate name in China on 25 May 1998. The said trademark was registered on 21 August 1998 bearing Registration No 1307132.

[39] The evidence shows that the applicant has given consent to select Malaysian partners allowing them to use the 'King Long & Device' mark on buses and coaches in Malaysia. On 8 July 2005, the applicant appointed Euromawar Sdn Bhd, a company incorporated in Malaysia ('Euromawar'), to act as its agent and distributor in Malaysia for its range of city buses. Acting through Euromawar, the applicant participated in a bid tender for Syarikat Prasarana Negara Bhd, a wholly-owned government company incorporated in Malaysia, subsequently winning the bid to provide the company with city buses on 13 April 2006.

[40] The applicant later concluded further distributorship agreements with Euromawar, R&A Manufacturing Industries Sdn Bhd ('R&A Manufacturing'), and InterCoach Sdn Bhd ('InterCoach'), all incorporated in Malaysia. Whilst R&A Manufacturing imported buses from the applicant, it used its affiliated company China Auto (M) Sdn Bhd to sell these buses in Malaysia.

[41] Further, the evidence shows that the applicant, through its Malaysian partners, has made substantial, exclusive and continuous use of the 'King Long & Device' mark in Malaysia for six years, such that the mark has become well known among members of the purchasing public and trade and is distinctive of the applicant.

[42] Based on the above reasons, I am of the view that the applicant has established evidence of first use of the mark in Malaysia. Thus, the respondent is the lawful proprietor of the mark and the trademark registered by the respondent is unlawfully appropriated and registered in bad faith.

WHETHER THE RESPONDENT'S TRADEMARK UNDER THE REGISTRATION NO 06003489 IS IDENTICAL TO THE APPLICANT'S TRADEMARK APPLICATION NO 06010738

[43] The applicant contended that the trademark Registration No 06003489 comprising the device is identical to the trademark of the applicant, ie . Further, the respondent's corporate name 'KLM' is an abbreviation of the corporate name and trademark 'King Long Motor' of Xiamen King Long Motor Group Co Ltd, which is the major shareholder of the applicant.

[44] The representations of the applicant's mark and the offending mark are as follows:

Applicant's mark Offending mark

[45] I have make a comparison between the applicant's mark and the respondent mark. I find that the applicant's mark is identical to the device component of the 'King Long & Device' mark belonging to the applicant. Hence, there will inevitably be confusion and/or deception between the marks as a result of the obvious similarity between the two marks.

[46] Since the offending mark is identical to the device component of the 'King Long & Device' mark used by the applicant it may cause confusion in the minds of the public as the marks are used in the same class, trade channels and target markets. The public and trade would be confused as to whether products bearing the identical marks originate from the same source. There is high likelihood that existing and potential customers may be diverted from the applicant to the respondent resulting in loss and damage to the applicant.

[47] Further, I accept the applicant's contention that:

(a) the respondent has attempted to deceive and mislead the unsuspecting public into the false supposition and belief as to the origin of the respondent's products. These unlawful acts are calculated to misappropriate the commercial advantage enjoyed by the applicant in Malaysia;

(b) the applicant has no control over the quality of any of the respondent's goods if any. The reputation and goodwill of the applicant will be damaged each time the respondent's products bearing the mark fails to meet the high quality and standard associated with the applicant and its mark. The purchasing public would wrongly attribute this lack of quality of standard to the applicant; and

(c) the respondent is riding on the goodwill and reputation established by the applicant worldwide and in Malaysia and that the unauthorised sale and distribution by the respondent of the products bearing the mark are acts which are deliberately intended to misrepresent the respondent as the source of manufacture and supply of the said products.

[48] Based on the above reasons, there will be likelihood of confusion between the respondent's trademark and the applicant's trademark and as the such use of the respondent trademark is contorary to law.

CONCLUSION

[49] Based on the above reasons, I ordered the respondent registered trademark to be expunged and cancelled from the register. Thus, the prayers in the applicant's originating summons are allowed with costs of RM30,000.

Application allowed with costs of RM30,000.

Reported by Ashok Kumar